

Expansion Subcommittee Meeting
World Class Conference Room, Kilroy Building, Sea Tac
March 3, 2006, 9:00 – 11:00 a.m.

Scribe: Searetha Kelly

Name	Organization	Phone	e-mail
<i>Subcommittee Members</i>			
Olivia Yang (Lead) Present	UW, Capital Projects	206-221-4224	oyang@u.washington.edu
Butch Reifert Present	Design Industry	206-441-4151	breifert@mahlum.com
Ed Kommers Present	Mechanical Contractors	206-612-7304	ekommers@comcast.net
Dave Johnson Absent	Wa. State Bldg. & Construction Trades Council	360-357-6778	DJIW86@aol.com
John Lynch Absent	General Administration	360-902-7227	jlynch@ga.wa.gov
Gary Ballew Absent	Benton County	509-736-3082	gary.ballew@co.benton.wa
Rodney Eng Present	City of Seattle	206-684-8241	rodney.eng.@seattle.gov
Michael Mequet Present	Port of Seattle	206-835-7637	mequet.m@portseattle.org
Nora Huey Present	King County	206-684-2049	norahuey@metrokc.gov
Tom Peterson Present	Hoffman Construction	206-286-8697	tom-peterson@hoffmancorp.com
Rick Slunaker Absent	AGC	360-352-0998	rslunaker@agcwa.com
Ashley Probart Absent	Assoc. of Wash. Cities	360-753-4137	ashleyp@awcnet.org
Larry Byers Absent	Contracts Bonding & Insurance Company	206-628-7221	larryb@cbic.com
Dick Goldsmith	Assn of WA Hospital Districts	206-216-2528	richardg@awphd.org
Dick Lutz	Centennial Cont.	360-867-9443	dicklutz@comcast.net
Larry Stevens	MCA/NECA	253-212-1536	lwstevens@wwdb.org

<i>Other Attendees</i>			
Nancy Deakins	General Administration	360-902-8161	deakink@dshs.wa.gov

Meeting Notes

Item 1: Housekeeping

Ms. Yang stated that we need to finish the Project Criteria.

Ms. Deakins tried to contact Gary Ballew by phone, but he was unavailable.

Item 2: All discussion based on the handout “Attributes of Appropriate GC/CM – Early Involvement of GC/CM in these issues would be critical to project success

Contract Design Involvement

- Scheduling/Phasing
- Untried or untested innovative design
- Owner talking directly to individual that has to make it happen (based on what owner would do on a non-GC/CM baseline):
 - Constructability
 - Value Engineering
 - Budget
- Unique Expertise Required
- Continuous value engineering rather than one time only
- Responsibility of team to implement value engineering ideas
- Collaborative
- Critical (the current language is critical)?
- Actual builders perspective
- Means and methods with design
- Implementation of LEED (choice, availability and where materials come from) requirements (integrated design construction)
- Matching Design to Market
- How is it distinguished from GC/CM or run of the mill project?
- What is most competitive?
 - In Design Bid Build, don't know until you bid

Early Procurement

- GC/CM assesses these factors
- Beat the market
- Accelerated schedule
- Avoid inflation
- Take advantage of seasonal windows (example: some bid in the fall to get better prices)
- Identify long lead items
- Bidding climate determinations
- Labor availability in tight market
- Purchase unique materials

It was noted that the Reauthorization Subcommittee reached consensus on the setting of the MACC at 90%.

- Working on concept of mini-MACCs
- Talk of early site work

The contractor tells the owner really important to purchase these materials (part of the collaborative effort). The owner takes on risk if the owner buys and stores materials for the project.

Mr. Eng stated that you should go to your experts (expertise of GC/CM is important to accessing these factors) who know the market best. Fact: get to keep risk in the same place.

Other reasons to use GC/CM

- Environmental
- Financial
- Safety
- Security
- Schedule

All of the above can be put into the category of high risk

- High Risk
 - What is unique?
 - Shouldn't there be some sharing of the risk?
 - Better allocation of risks - The allocation of risk can be worked out between owner and contractor
 - Identify risk early
 - Who handles and how is risk mitigated?
 - Design risk vs. level of contingency
 - Define high risk to owner (financial, environmental, safety, security, occupied, schedule)
 - Require Owners to provide their identified Statement of Risk

 - Consider writing legislative changes, etc. like the Uniform Commercial Code, which includes committee intent and commentary

 - Because of high risk, parties can negotiate and better allocate risk
- Concern: Owner shifting market risk to the contractor; any sophisticated project always can best manage the risk (may be one of three parties: GC/CM, Owner, or Designer)

Mr. Kommers stated that we need to better define GC/CM

- Why owners should and should not be doing this

Mr. Eng said that these are attributes, but what is the alternative? Will more risk be immediately **irated** [?] through GC/CM or others?

Look at the public benefit

- What is the public benefit of using GC/CM vs. Low Bid?
- What are the attributes of the project itself and/or owner to carry out the project?

Mr. Benson stated that we are here to talk about GC/CM – there is less interest in the GC/CM delivery process. Few submitting on GC/CM projects. We should not make them less attractive. The risk allocation should be fair.

Mr. Mequet will check on Mr. Kommers Question: Why was GC/CM chosen for the Airport parking garage?

Mr. Goldsmith asked what is the overriding concern? Need to show public benefit (keep in mind throughout).

Subcommittee Consensus

Work of this and last month Project Review Board, Owner Applicant with Packet and presentation

- Statement of Public Benefit
- Run down attributes (under project block of presentation)
- Do we need a “catch all” - included, but not limited to, then the Board can make determination and not be limited; Board must have the expertise

Homework for the next Two Months (per Ms. Yang)

- All members come with notions that build on:
 - What kind of owner are we talking about
- By May 2006 Ms. Yang wants us to take time, stop and say when put together, how does it work?
- Mr. Kommers said he will come with his homework done as well
- Mr. Eng stated not ready yet to draft the legislation. The Expansion Subcommittee will contribute to this task. He will have something drafted (rough) for the next month’s meeting (handout) that the Expansion Subcommittee can review.

Comments

- Some current owners not using GC/CM correctly
- Must have owner expertise
- Expect small owner to go out and hire a CM staff. But the larger owner if you hire – looking for maturity of institutional owner. Should be a check (and/or contract with the CM for hire – figure out way to help the newer owners)

Meeting Adjournment

The meeting was adjourned at 10:55 a.m.